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October 18, 2002

**SUMMARY OF
EX PARTE PRESENTATION**

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWA325
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service,
CC Docket Nos. 96-45, 98-171, 90-571, 92-237,
99-200, 95-200, 95-116, 98-170 and NSD File No. L-00-72;

Dear Ms. Dortch:

On October 17, 2002, Daniel Phythyon, Lawrence Sarjeant and Robin Tuttle, on behalf of the United States Telecom Association (USTA), met with Christopher Libertelli, Legal Advisor to Chairman Michael Powell. During the meeting, we discussed the above-referenced proceeding.

USTA advised Mr. Libertelli that the most practical, lawful and risk-free course for the Federal Communications Commission at this time is the adoption of an interim universal service contribution methodology while it continues to examine the creation of a long-term contribution methodology. The interim methodology should be based on interstate end-user revenues as a contribution base. The FCC should use a "collect and remit" system whereby the Universal Service Administrative Company (USAC) would set the quarterly contribution percentage based on projected fund needs and projections of collected revenues. Carriers would then remit payments based on the application of the USAC percentage to the interstate retail revenues actually collected.

USTA supports the principle of regulatory parity and the requirement of Section 254(d) of the Telecommunications Act of 1996 that all providers of interstate telecommunications service contribute to universal service support on an equitable and nondiscriminatory basis. Therefore, the FCC should raise the "safe harbor" contribution limit for wireless providers to 20-28 percent unless the wireless provider can determine its actual interstate retail revenue. Further, the safe harbor percentage should be applied to wireless providers on a company-wide basis.

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For the purpose of reporting interstate retail revenues, competitive local exchange carriers (CLECs) should impute an amount equal to the subscriber line charge (SLC) assessed by the incumbent local exchange carrier (ILEC) in a CLEC's service area. CLECs should be provided with the option of reporting the imputation based on the actual SLC amount assessed by the ILEC or an amount equal to the nationwide SLC cap. There should also be parity in contribution obligations among all broadband and broadband service providers.

The FCC should impose a cap on the recovery of administrative, billing and overhead costs that contributors to universal service support programs are allowed to include in the universal service charge collected on customers' bills. The USTA representatives emphasized that this interim contribution methodology does not supercede the positions taken by USTA in its comments and reply comments filed in this proceeding on April 22, 2002, and May 13, 2002, respectively.

In accordance with FCC Rule 1.1206(b)(2) of the Commission's rules, this letter is being filed electronically with your office. Please feel free to contact me at (202) 326-7300 if you have any questions.

Sincerely,

/s/ Lawrence E. Sarjeant
Lawrence E. Sarjeant
Vice President – Law &
General Counsel

cc: Christopher Libertelli